

## Message Text

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ACTION IO-10

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C O R R E C T E D C O P Y (PARA 5 LINE 3)

E.O. 11652: N/A

TAGS: UNDP, EAID

SUBJECT: UNDP - 19TH GOVERNING COUNCIL - ITEM 16

1. UNDP GOVERNING COUNCIL'S BUDGETARY AND FINANCE COMMITTEE CONVENED JANUARY 13 AND BEGAN CONSIDERATION OF ITEM 16, BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS.COMMITTEE CHAIRED BY MRS. S. VERVALKE (BELGIUM) WHO IS EXPECTED TO BE ELECTED FIRST VICE PRESIDENT WHEN COUNCIL CONVENES IN PLENARY SESSION JANUARY 15.

2. CONSIDERATION OF ITEM 16 INTRODUCED BY ADMINISTRATOR PETERSON, WHO STRESSED (1) MEASURES TAKEN TO MAKE UNDP MORE EFFICIENT AND (2) EFFECT OF INFLATION ON ADMINISTRATIVE AND PROGRAM SUPPORT COSTS.

3. PETERSON SAID UNDP DECENTRALIZATION NOW IN PLACE. FIELD STAFF HAD BEEN UPGRADED, AND GREATER AUTHORITY FOR DECISION MAKING AND PROGRAM SUPERVISION AND MONITORING DELEGATED TO RESREP. HEADQUARTERS STAFF WOULD DEVOTE TIME TO POLICY AND PLANNING AND NECESSARY SUPPORT FOR FIELD STAFF. RESULT WOULD BE MORE FIELD STAFF BUT FEWER AT HEADQUARTERS. WHILE THERE WOULD BE SOME NET FINANCIAL SAVINGS, IT WOULD NOT BE SIGNIFICANT AND WOULD SOON BE ERASED BY INFLATION. FROM NOW ON, HE SAID ADMINISTRATOR COULD NOT BE

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EXPECTED TO COME UP WITH ADMINISTRATIVE AND PROGRAM

SUPPORT SAVINGS IN REAL TERMS, BUT HE COULD BE EXPECTED TO COME UP WITH IMPROVED PROGRAM RESULTS.

4. PETERSON SAID ONE ASPECT OF DECENTRALIZATION WAS THAT UNDP FIELD STAFF WOULD DEVOTE MORE TIME TO OTHER PROGRAMS. RESIDENT REPRESENTATIVES WERE CURRENTLY SPENDING ABOUT ONE-THIRD OF TIME ON AVERAGE FOR NON-UNDP ACTIVITIES. HE HAD ENCOURAGED RESREPS TO MAKE THEMSELVES AVAILABLE TO ALL IN DEVELOPMENT EFFORT, INCLUDING BOTH MULTILATERAL AND BILATERAL PROGRAMS. HE HAD PARTICULARLY ENCOURAGED OPEC COUNTRIES TO MAKE GREATER USE OF UNDP STAFF AND FACILITIES, IN ADDITION TO INCREASING THEIR DIRECT PARTICIPATION IN PROGRAM. ADMINISTRATOR SAID THAT AS RESULT OF BROADER RESPONSIBILITY, RESREPS WOULD BECOME "MR. UN" IN COUNTRIES OF ASSIGNMENT.

5. TURNING TO INFLATION, PETERSON SAID THAT WHILE THERE HAD BEEN 34.7 PERCENT INCREASE IN ADMINISTRATIVE AND PROGRAM SUPPORT BUDGET FROM 1973 TO 1975, 28.9 PERCENT HAD BEEN DUE TO INFLATION. 3.5 PERCENT DUE TO COST OF NEW PROGRAMS (E.G. TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES) PLACED UPON UNDP AND ONLY 2.3 PERCENT REPRESENTED OVERHEAD COST INCREASE IN REAL TERMS.

6. ADMINISTRATOR ALSO MADE PITCH FOR COUNCIL ACCEPTANCE OF HIS RECOMMENDATION FOR ONE PERCENT INCREASE IN AGENCY OVERHEAD COSTS. DECISION MUST BE AKEN TO GIVE EXECUTING AGENCIES FIRM BASIS FOR FORWARD PLANNING, AND 14 PERCENT RECOMMENDATION WAS PRESENTED AS BEST ANSWER SEEN SO FAR. HE WAS IMPRESSED WITH SOME OF FINDINGS OF JOINT INSPECTION UNIT (BERTRAND) REPORT, HOWEVER, AND WOULD CONTINUE TO EXPLORE FOR BETTER SYSTEM OF COST MEASUREMENT. ADEQUATE FORMULAT MUST BE FOUND, HE CONCLUDED, WHICH WOULD BE ENDUCEMENT FOR SUPERIOR PERFORMANCE.

7. CONSIDERATION OF ITEM 16 SUB-ITEMS REPORTED SEPTELS. BENNETT

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